2011.2012

Annual Report

Parks of the St. Lawrence

THE ST. LAWRENCE PARKS COMMISSION

AN AGENCY OF THE GOVERNMENT OF ONTARIO

ISSN 0835-7781

INVESTING IN OUR FUTURE

MESSAGE FROM THE CHAIR OF THE ST. LAWRENCE PARKS COMMISSION AND THE GENERAL MANAGER AND CEO

We are pleased to report that the St. Lawrence Parks Commission (SLPC) achieved its goal of a balanced budget from regular operations for the fiscal year ending March 31, 2012. A number of major priorities were successfully implemented throughout the year to improve the SLPC's net financial performance. With the goal of improving fiscal sustainability, we have focused on preserving the core of our business and enriching all other profitable enterprises within each business sector.

SLPC is committed to promoting an informed, safe and healthy work environment. To support this clear priority throughout the organization, we introduced a number of initiatives, including: quarterly "All Hands" meetings, updates to public safety plans, review of accident reporting procedures, installation of safety barriers at Fort Henry, ongoing staff training and development, and the plan to launch the Safety Performance Index project early in the next fiscal year.

The renewal of both the heritage and recreational attractions of SLPC that was started in 2010/11 continued into 2011/12 with many projects coming to completion. In August, 2011, we were pleased to unveil the new 10,000 square foot Upper Canada Village Discovery Centre and a revitalized Crysler Park area. The compelling and interactive exhibits and experiences in this new centre have been enthusiastically received by our tourism partners in the region as well as by the thousands of visitors who come to the site each year. The Discovery Centre along with the new miniature train 'The Moccasin' experience and the landscape restoration project of the Crysler's Farm Battlefield Memorial represents a $13 M investment to rejuvenate the visitor experience.

Construction on our second Discovery Centre project at Fort Henry National Historic Site of Canada began in May of 2011. This project will help increase visitor interest and broaden the appeal of Fort Henry by adding new interactive exhibits and iconic artifacts which reflect the Fort's historic importance and its relationship to Canada's early development as a nation.

Achievements during 2011/12 included the launch of redesigned websites; expansion of the Fort Fright and Alight at Night special events; introduction of the Victorian Holiday Traditions event at Fort Henry; and the installation of a new VOIP, IT system and admissions POS.

Camping is a strong performer and SLPC continued to make significant investments in the campgrounds to improve the visitor experience. We looked at new ways to introduce recreational elements to not only improve the experience, but to also lengthen the stay in our parks and create a must-visit destination in Eastern Ontario. Product investments made in our Parks division included power upgrades to over 100 campsites, the construction of two new camper cabins in partnership with students in the Catholic District School Board of Eastern Ontario trades programs and the installation of new themed playground equipment at the parks and campgrounds. Parks infrastructure was further upgraded with drainage improvements, beach revitalization and a new sewage treatment plant at Ivy Lea Campground. Investments to expand dockage capacity at Crysler Park Marina – directly relative to demand - continued with the installation of 66 additional new docking slips, and upgrades to the Upper Canada Golf Course restaurant were undertaken.

In June 2011, Upper Canada Village celebrated its 50th season of operation with a community focused celebration featuring a parade and musical performances. The newly refurbished Crysler Hall was reopened showcasing a new display of stained-glass windows by 19th century artist and manufacturer Harry Horwood.

Fort Henry was pleased to host the Battle Color Detachment of the United States Marine Corps from Washington, D.C in August and to have the Fort Henry Guard perform alongside the Marines in two evening ceremonial events. This visit celebrated 55 years of friendship between the United States Marine Corps and Fort Henry.

The Canadian Professional Golf Tour announced an exciting new partnership with the Great Waterway Region (RTO 9) and Evolution Golf & Events Management Inc. to bring professional golf to the Eastern Ontario region beginning in September of 2012. The Great Waterway Classic is a four-year initiative that will see the pro tournament played at a rotation of golf courses in Eastern Ontario. SLPC will host this event at Upper Canada Golf Course in 2013. This partnership will raise the profile of golf in the region and boost collaboration between courses and the Great Waterway.

Celebrate Ontario continues to play an important role in supporting events and providing seed funding for new events. Five of the SLPC's special events were supported with $270,000 in Celebrate Ontario funding. These events included Fort Henry's Fort Fright ($75,000) and the new Victorian Holiday Traditions Festival ($40,000) and at Upper Canada Village, the Medieval Festival ($40,000), the new Heritage Festival ($40,000) and Alight at Night ($75,000). Special events drive visitation not just to our sites but also to businesses throughout the region both during our core summer season and in the fall and winter shoulder season.

We introduced the Kaizen business philosophy this year. Our team is putting tne principles of the philosophy into practice by striving for continuous improvement in all of our processes with the ultimate goal of providing value and memorable experiences to our guests. Efforts to streamline the organization, eliminate waste and to maximize operational efficiencies are ongoing through Kaizen workshops in all departments.

The SLPC organization structure was realigned into five business units, namely Upper Canada Village, Fort Henry, Parks and Campgrounds, Upper Canada Golf Course, and Crysler Park Marina. This will sustain the front-line resources that are required for on-going product and program development and delivery; it will also ensure human resources are utilized in the most effective and contributory manner. Site-based management as the five business unit model demonstrates, will ensure complete accountability for our business including financials, health and safety, and planning with the support of the functional areas (Finance, Human Resources, Maintenance & Operations and Marketing).

The future business direction of the SLPC focuses on preserving our core and enriching our product mix. The development of new products, including retail and events, is integral to product enrichment and the continued sustainability of our core heritage attractions. The SLPC is working diligently to revitalize our unique tourism products and experiences to support visitor engagement. We are committed to working with tourism, heritage and business partners, municipalities, and the community at large to uphold, elevate and promote our area of Ontario.

The noteworthy successes and major improvements that we've achieved as a result of the 2011/12 business plan strengthen our resolve to continue supporting product enrichment and to continue moving towards an improved net performance. 2011/12 was year one of a five year strategy, "Alive in Five", to move the SLPC forward with clear and aggressive plans. The aim of "Alive in Five" is to make our vast array of attractions and experiences more economically accessible and collaborative, and ensure positive growth and fiscal improvement through more volume and satisfied visitors to our attractions, parks and beaches. The successes we achieve each year will support the direction of future investments in facilities as we build our entire attractions and parks portfolio to deliver exceptional value, achieve significant fiscal improvement and support economic growth and prosperity in Eastern Ontario

We would like to thank the Ministry of Tourism, Culture & Sport for its investment in SLPC and the staff for their ongoing support throughout this past year. We would also like to recognize our board, management team and staff for their continued dedication to delivering a quality product and outstanding visitor experience to the thousands of visitors who come to our attractions each year.

Most sincerely,

Ian Wilson
Chair

Darren Dalgleish
General Manager and CEO

SLPC BOARD OF COMMISSIONERS 2011/12

Ian Wilson
(Kingston)
Chair
April 18, 2012 – April 17, 2015

Ron Eamer
(Williamstown)
Vice-Chair
April 6, 2005 – May 11, 2012

Carmen Cousineau
(Cornwall)
Commissioner
March 23, 2011 – March 22, 2014

Richard Fawthrop
(Cornwall)
Commissioner
June 6, 2007 – July 17, 2013

John Fischl
(Maitland)
Commissioner
September 14, 2010 – September 14, 2013

J. R. (Jack) McIntosh
(Winchester)
Commissioner
August 8, 2005 – August 7, 2013

Brian Reid
(Kingston)
Commissioner
January 13, 2010 - January 12, 2013

Lloyd Therien
(Kingston)
Commissioner
May 30, 2007 – June 22, 2013

Isabel Turner
(Kingston)
Commissioner
May 30, 2006 – July 14, 2012

2011/12 SENIOR LEADERSHIP TEAM

Darren Dalgleish
General Manager & CEO

Bonnie VanMoorsel
Executive Assistant to the CEO and
Manager, Upper Canada Golf Course

Bryan Mercer
Director, Marketing

Ron Betournay
Director, Finance and Administration

Mary Beach
Director, Attractions and Parks

Lou Seiler
Manager, Parks and Recreation

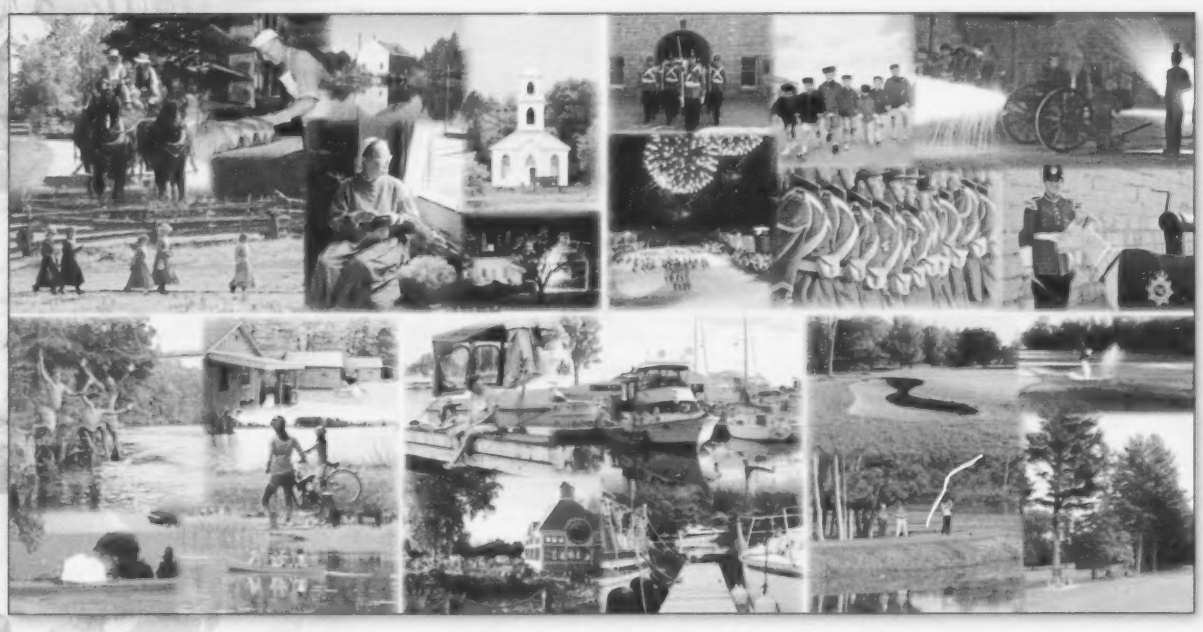
OUR MANDATE

The St. Lawrence Parks Commission was established in 1955 and is an Operational Enterprise of the Government of Ontario. Its mandate is to provide tourism, cultural, educational and recreational opportunities for residents of Ontario and visitors to the province through the presentation and interpretation of historic attractions and the development and operation of parks, campgrounds, scenic parkways and recreational areas.

OUR MISSION

The purpose of the St. Lawrence Parks Commission is to generate lasting visitor growth, drive economic prosperity, and build community partnerships in Eastern Ontario.

It is a revenue-generating tourism business offering customer-focused entertaining and educational experiences that maximize its natural, leisure and heritage assets.



LEGISLATIVE AUTHORITY

The St. Lawrence Parks Commission operates under the authority of the St. Lawrence Parks Commission Act. The Commission reports to the provincial government through the Minister of Tourism, Culture & Sport. The Board of Commissioners is responsible for overseeing the business affairs of the Commission by making policy decisions and setting strategic directions; establishing land use regulations; approving budget priorities; translating government policy into agency policy; ensuring wise use of public assets, and representing the Commission within the community.

The Commission supports its operations through:

- Fees charged at its attractions and retail outlets and revenue generated via concessionaires;
- A transfer payment from the Government of Ontario, and
- Land-use lease agreements, donations, sponsorships and partnership advertising funds in support of its facilities and programming.

STRATEGIC DIRECTION

DELIVERING RENEWAL

The SLPC will support the efforts of the Ministry of Tourism, Culture and Sport to be a key catalyst for tourism growth and economic development in Eastern Ontario. These efforts will recognize SLPC's role as a revenue-generating tourism business offering customer-focused entertaining and educational experiences that engage, enrich, entertain and educate.

REALIZING SUSTAINABILITY

Attaining financial sustainability will continue to be a key focus, as SLPC strives to better align its expenses with its ability to generate revenues and its operating practices with visitor patterns/needs to generate a more consistent level of sustainable revenues while exploring more cost effective methods of achieving its mandate.

REVITALIZING VISITOR EXPERIENCES

Continue to be customer focused/marketing-driven, using research and customer data to make informed decisions in programming and operations. Expand efforts to deliver greater guest satisfaction and attract incremental visitors by introducing more engaging "participatory" experiences. Utilize $23M infusion for capital renewal, to significantly heighten the visitor experience of its iconic heritage attractions (Upper Canada Village, Crysler Heritage Park and Fort Henry), with new, unique state of the art exhibits, visitor experiences, and expanded hosting and group capabilities.

MAXIMIZING HUMAN RESOURCES

Continue to develop excellence in the management of human resources, financial analysis, business planning, marketing, and risk and project management and demonstrate leadership in employee engagement and support an inclusive, respectful and equitable workplace. Succession planning, training and development and strategic human resource planning, will be a priority over the planning cycle.

MITIGATING RISK

SLPC will place a heightened awareness and focus on identifying and mitigating risk, particularly in response to the increased vulnerability of its operations due to decaying infrastructure and aging assets.

ACHIEVING EFFECTIVE STEWARDSHIP

SLPC will continue to practice open and transparent oversight in its decision-making and operating practices, so as to maintain solid stewardship of the assets under its control.

FINANCIAL OBJECTIVES

- Develop a balanced budget based on current government funding levels.
- Reinvest incremental income to offset expanding operational costs as well as investing in employee development and additional marketing promotions to achieve organizational & financial sustainability.
- Improve overall financial performance by focusing on NET revenue generation, new revenue opportunities, improved leases and concessionaire agreements, and fee-based new initiatives.
- Continue to subsidize Fort Henry and Upper Canada Village while strengthening the revenue generating operating units (Parks & Upper Canada Golf Course).
- Capitalize on increasing demand for Marina space through expansion of existing installations to generate additional revenues.
- Accommodate growing market shift to RV's (Recreational Vehicles) by investing in the conversion of basic campsites to RV sites, which command premium fees and provide for a solid ROI.

MOVING FORWARD

The SLPC will be guided by the Strategic Framework comprised of five pillars which focuses the work of all employees to achieve our strategic goal. Successful execution of all of the elements found within the framework will ensure that SLPC is collectively and directly contributing to its strategic goals. This framework will lead SLPC to become a full service tourism product provider that is both growing and more profitable by 2015.

The pillars will guide SLPC through two very distinct and critical phases of developing a sustainable business model. Phase 1 will focus on building a foundation for growth. Although the focus will be relatively short-term, SLPC will establish a solid base on which to build further in Phase 2, which should cover the 2012-2015 period.

PILLAR I - DEVELOP A HEALTH, SAFETY AND ENVIRONMENTAL CULTURE

The SLPC will create a healthy work environment where employees feel safe at all times and leave a minimal environmental footprint in every location where we operate.

PILLAR II - ACHIEVE OPERATIONAL EXCELLENCE

The SLPC will develop sustainable continuous improvement practices and employee reflexes to constantly reduce costs and eliminate waste, improve quality and increase flexibility across all SLPC divisions and functions to meet evolving market and industry needs. Focus on budget adherence through variance analysis, metrics and accountability.

PILLAR III - EXPAND PRODUCT AND SERVICES OFFERING

The SLPC will offer to our existing and potential clients a broad range of competitive products and services and be perceived as industry innovators through exceptional creativity, depth and capacity.

PILLAR IV - RETAIN AND DEVELOP OUR CUSTOMER BASE

The SLPC will develop the market penetration and increase client pocket share for both individual buyers and group sales.

PILLAR V - BUILD A TALENTED AND COMMITTED WORKFORCE

The SLPC will excel at attracting, developing and retaining competent and flexible personnel to support an ever evolving high performing organization recognized as Best-in-Class.

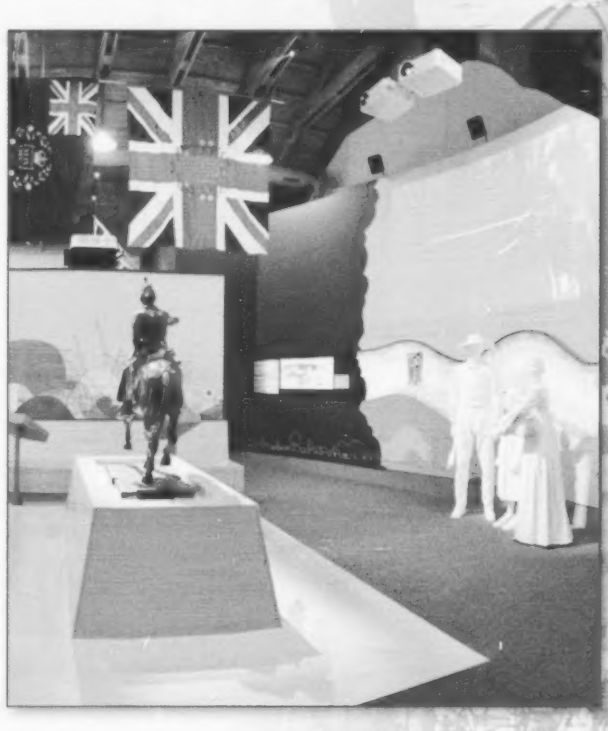
BUSINESS OBJECTIVES DURING THE REPORTING PERIOD – 2011/12

FINANCIAL OBJECTIVES

ATTRACTION ACTIVITY PERFORMANCE				
Attraction	2011/12	2010/11	+/-	%
(000's)	#	#	#	
Fort Henry (admissions)	101.9	110.1	-8.2	-7.0%
Upper Canada Village & Heritage Park (admissions)	155.5	159.8	-4.3	-3.0%
Camper nights & Day-Use passes	120.2	120.8	-0.6	-0.5%
Upper Canada Golf Course (rds & rentals)	18.8	21.8	-3.0	14.0%
Crysler Park Marina (docked footage)	769.8	692.5	77.3	11.0%

FINANCIAL PERFORMANCE

In 2011/12, SLPC generated total revenue from operations of $7.640M, a decrease of $251K or 3% from 2010/11, and received $7.271M provincial transfer payment and $407K in additional grant funding to support its operations. With total regular operating expenses of $15.451M, SLPC realized a balanced budget in 2011/12. In addition, SLPC recognized $133K in expense against its restricted reserve which was established in 2007 for future strategic investment.



CAPITAL INVESTMENT - REVITALIZATION

In 2009, the Ministry of Tourism announced grant funding of $23.0M to SLPC for the development of new visitor centres at Upper Canada Village and Fort Henry with compelling exhibits and interactive experiences to attract incremental visitors to these heritage attractions. The Discovery Centre at Upper Canada Village opened to the public in June 2011 and SLPC recognized $11.6M in related expenditures in 2011/12.

CAPITAL INVESTMENT – REPAIR AND REHABILITATION

In 2011/12, the SLPC received capital funding of $6.196M. Of that amount $3.60M was directed to projects necessary to comply with legislation and regulatory requirements and a number of high priority projects vital to ensuring the safety of staff and visitors to our recreational and heritage sites. The completed projects include replacement and upgrade of the sewage treatment plant at Ivy Lea Park, installation of security fencing at Fort Henry, water supply and well management, maintenance of waste disposal and treatment systems, structural repairs to heritage building, electrical and HVAC upgrades to meet building code requirements, road maintenance and repair, and replacement of playground equipment. The remaining $2.596M was directed to the refurbishment of the existing infrastructure including building repairs, replacement of maintenance machinery and equipment, upgrade of two campground washrooms, and campsite upgrades to accommodate the growing RV business.

ATTRACTION	Compliance	Rehabilitation	Total
Upper Canada Village	515	230	745
Fort Henry	979	226	1,205
Parks & Marina	1,330	1,424.5	2,754.5
Upper Canada Golf Course	145	40	185
Crysler Park / System-wide	631	675.5	1,306.5
TOTAL	**3,600**	**2,596**	**6,196**

The chart below provides a summary of the major categories of capital projects undertaken in 2011/12:

CATEGORY	$000s
Building Restoration & Maintenance	779
Equipment Replacement	717
Roads, Grounds, Bikepaths, Bridges	520
Electrical upgrades	165.5
Sewage & Plumbing	170
Communications	100
Water / Well Management	150
Air Quality	105
Washroom Refurbishment	530
Ivy Lea Sewage Plant Upgrade	900
Playground Equipment	150
Safety Barriers	400
FH Structural Maintenance	400
Heritage Building Restoration	440
RV Sites Expansion	669.5
TOTAL	**6,196**

The St. Lawrence Parks Commission

Financial Statements
March 31, 2012

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Independent Auditor's Report

To The St. Lawrence Parks Commission, the Minister of Tourism, Culture and Sport and the Auditor General of Ontario

Pursuant to the St. Lawrence Parks Commission Act which provides that The St. Lawrence Parks Commission, an agency of the Crown, shall be audited by the Auditor General of Ontario or an auditor appointed by the Lieutenant Governor in Council, we have audited the accompanying financial statements of The St. Lawrence Parks Commission, which comprise the statement of financial position as at March 31, 2012 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

Note 2 indicates that, in accordance with past provincial policy, the Commission had not capitalized assets before April 1, 1994. Moreover, assets acquired before April 1, 2009 with provincial government funding have not been capitalized. In these respects, the financial statements are not in accordance with Canadian generally accepted accounting principles. The effects of these departures from generally accepted accounting principles on the financial statements have not been determined. Our audit opinion on the financial statements for the year ended March 31, 2011 was modified accordingly because of the possible effects of this misstatement.

Qualified opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The St. Lawrence Parks Commission as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Raymond Chabot Grant Thornton LLP

Chartered Accountants,
Licensed Public Accountants

Ottawa, Canada
June 20, 2012

The St. Lawrence Parks Commission
Financial Position

March 31, 2012
(In thousands of dollars)

	2012	2011
	$	$
ASSETS		
Current assets		
Cash	**13,611**	4,187
Short-term investments		2,893
Accounts receivable	**916**	7,053
Inventories (Note 3)	**402**	358
Prepaid expenses	**76**	54
	15,005	14,545
Capital assets (Note 4)	**31,667**	16,395
Other long-term assets	**38**	58
	46,710	30,998
LIABILITIES		
Current liabilities		
Accounts payable	**5,110**	3,414
Accrued liabilities	**432**	330
Deferred contributions (Note 5)	**5,715**	6,813
	11,257	10,557
Severance and future employee benefits (Note 6)	**1,031**	1,025
Deferred contributions - capital assets (Note 7)	**30,810**	15,671
	43,098	27,253
NET ASSETS		
Unrestricted	**1,245**	1,245
Internally restricted (Note 8)	**2,367**	2,500
	3,612	3,745
	46,710	30,998
Commitments (Note 13)		

The accompanying notes are an integral part of these financial statements.

On behalf of the Board,

Director

Director

The St. Lawrence Parks Commission
Operations
Year ended March 31, 2012
(In thousands of dollars)

	Unrestricted	Internally restricted (Note 8)	2012 Total	2011 Total
	$	$	$	$
OPERATING REVENUES				
Entrance fees	3,176		3,176	3,344
Campsites	2,040		2,040	2,080
Gross profit from retail operations (Note 9)	706		706	674
Golf course	530		530	622
Concession and site rentals	308		308	313
Sponsorships	281		281	254
Marina docking and storage	433		433	397
Investment income	77		77	59
Miscellaneous	89		89	148
	7,640	-	7,640	7,891
OPERATING EXPENDITURES				
Salaries, wages and benefits (Note 11)	10,905	1	10,906	10,912
Services	2,696		2,696	2,719
Supplies and equipment	1,328	132	1,460	1,628
Transportation and communication	171		171	164
Amortization of capital assets	186		186	213
Miscellaneous	32		32	14
	15,318	133	15,451	15,650
Operating deficit before the following:	(7,678)	(133)	(7,811)	(7,759)
OTHER REVENUES (EXPENDITURES)				
Provincial government funding				
Operational	7,678		7,678	7,775
Refurbishment	2,671		2,671	2,126
Revitalization	759		759	15
Other funding	89		89	
	11,197	-	11,197	9,916
Refurbishment				
Expenditures	(2,141)		(2,141)	(1,816)
Amortization of capital assets	(530)		(530)	(310)
	(2,671)	-	(2,671)	(2,126)
Revitalization				
Expenditures	(269)		(269)	
Amortization of capital assets	(490)		(490)	(15)
	(759)	-	(759)	(15)
Other funding	(89)		(89)	
Provincial government operational funding	7,678		7,678	7,775
Excess (deficiency) of revenues over expenditures	-	(133)	(133)	16

The accompanying notes are an integral part of the financial statements.

The St. Lawrence Parks Commission
Changes in Net Assets

Year ended March 31, 2012
(In thousands of dollars)

			2012	2011
	Unrestricted	Internally restricted (Note 8)	Total	Total
	$	$	$	$
Balance, beginning of year	1,245	2,500	3,745	3,729
Excess (deficiency) of revenues over expenditures	-	(133)	(133)	16
Balance, end of year	1,245	2,367	3,612	3,745

The accompanying notes are an integral part of these financial statements.

The St. Lawrence Parks Commission
Cash Flows
Year ended March 31, 2012
(In thousands of dollars)

	2012	2011
	$	$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	**(133)**	16
Non-cash items		
Amortization of capital assets	**1,295**	538
Amortization of deferred contributions - capital assets	**(1,128)**	(325)
Changes in working capital items		
Accrued interest receivable		(18)
Accounts receivable	**6,137**	(6,919)
Inventories	**(44)**	69
Prepaid expenses	**(22)**	9
Accounts payable	**1,696**	2,635
Accrued liabilities	**102**	71
Deferred contributions	**(1,098)**	4,584
Cash flows from operating activities	**6,805**	660
INVESTING ACTIVITIES		
Other long-term assets	**20**	263
Disposal of investments	**2,893**	
Acquisition of capital assets	**(16,567)**	(15,186)
Cash flows used in investing activities	**(13,654)**	(14,923)
FINANCING ACTIVITIES		
Change in severance and future employee benefits	**6**	(74)
Deferred contributions - capital assets	**16,267**	14,727
Cash flows from financing activities	**16,273**	14,653
Net increase in cash	**9,424**	390
Cash, beginning of year	**4,187**	3,797
Cash, end of year	**13,611**	4,187

The accompanying notes are an integral part of these financial statements.

The St. Lawrence Parks Commission
Notes to Financial Statements

March 31, 2012
(In thousands of dollars)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The St. Lawrence Parks Commission (the Commission), a Provincial Corporation without share capital and Crown Agency, is subject to and governed by an Ontario Statute, the St. Lawrence Parks Commission Act. The Commission operates several parks, historical sites and other facilities situated on Crown lands in Eastern Ontario, including Upper Canada Village and Fort Henry, intended to provide tourism and recreation opportunities to both residents of, and visitors to, the Province.

The Commission is a corporation established under the laws of Ontario and is exempt from federal and provincial income taxes under paragraph 149(1)(d) of the Income Tax Act (Canada).

2 - SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of fair value.

Capital management and economic dependence

The Commission's objectives when managing capital are to safeguard its ability to continue as a going concern, to meet its financial obligations, and to manage its capital by obtaining funding from the Province of Ontario, by generating revenues from its various activities, and by controlling expenditures to closely match revenues. In order to maintain or to adjust its capital structure, the Commission may have to modify its forecast expenditures for the realization of certain of its activities. Other than as stipulated by the Province of Ontario and as are disclosed herein in these financial statements, the Commission is not subject to any externally imposed capital requirements.

To satisfy itself as to the viability of operations, management regularly assesses and considers current and forecast activities of the Commission. Ongoing reviews include consideration and determination of current and future business opportunities, Provincial financing commitments, and forecasts of cash requirements. Based on these evaluations, management considers the Commission as a going concern. However, as a significant source of the Commission's income is derived from funding received from the Province of Ontario, its ability to continue viable operations is dependent upon maintaining such funding.

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Commission may undertake in the future. Actual results may differ from these estimates.

Inventories

Inventories consist primarily of retail items and are valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method.

2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Financial assets and liabilities

The Commission has chosen to apply the recommendations of Section 3861, "Financial Instruments – Disclosure and Presentation", of the CICA Handbook with respect to the presentation and disclosure of financial instruments.

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value. Subsequently, financial assets and liabilities are measured and recognized as follow:

Held-for-trading financial assets

Cash is classified as a held-for-trading financial asset and is measured at fair value.

Available-for-sale financial assets

Short-term investments are classified as available-for-sale financial assets and are measured at their fair value.

Loans and receivables

Accounts receivable are classified as loans and receivables. They are measured at amortized cost, which is generally the initially recognized amount, less any allowance for doubtful accounts.

Other financial liabilities

Accounts payable and accrued liabilities are classified as other financial liabilities. These financial instruments are measured at amortized cost using the effective interest method.

Revenue recognition

The Commission follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are reported as revenue in the year in which related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Retail revenue is recognized when goods have been sold and collection is reasonably assured.

Entrance fees, campsites, golf course, concession and site rentals, marina docking and storage, and sponsorships revenues, are recognized when services have been rendered and collection is reasonably assured.

Investment income is recognized based on the number of days the investment was held during the year and is calculated using the effective interest method.

The St. Lawrence Parks Commission
Notes to Financial Statements

March 31, 2012
(In thousands of dollars)

2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets, including land, acquired before April 1, 1994 are carried at nominal value. Capital assets acquired with Provincial government funds before April 1, 2009 have been expensed rather than capitalized. Capital assets acquired with Provincial government funds after April 1, 2009 have been capitalized at cost.

Capital assets are amortized over their estimated useful lives according to the straight-line method over the following periods:

	Periods
Buildings and other structures	20 - 40 years
Landhold improvements	15 years
Exhibits	5 - 15 years
Machinery, equipment, and tools	5 years
Vehicles	5 - 10 years
Computer systems and licenses	3 - 5 years
Office furniture and equipment	3 - 5 years
Structures	5 years

Capital grants received by the Commission are deferred and amortized at rates that offset amortization recorded on a related capital asset.

Salaries, wages and benefits

These financial statements reflect salaries, wages and benefit costs allocated by the Province of Ontario for those members of the Ontario Public Service (OPS) who are involved with Commission operations.

Severance accrual

OPS regular employees are entitled to one week of severance pay for each year of service, up to a maximum of six months pay, when employment ceases because of death, retirement, layoff after one year of continuous service, or for any reason after five years of continuous service other than dismissal for cause and abandonment of position. Fixed term employees with more than five seasons of continuous service are entitled to such payment only if terminated by the employer. The Commission has accrued the obligation owing to regular employees. Any potential obligation for fixed term employees is recorded only upon termination.

Workplace Safety and Insurance Board

The Province provides benefits to OPS employees on workers' compensation through the Workplace Safety and Insurance Board (WSIB). Adjustments to the estimated WSIB obligation, if any, are recognized in the year in which supportive computations are made available to the Commission by the WSIB.

The St. Lawrence Parks Commission
Notes to Financial Statements
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2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Pension Plan

The Province provides pension benefits to its full-time OPS employees through participation in the Public Service Pension Plan (PSP Plan) and the Ontario Public Service Employees' Union Pension Trust (OPSEU Pension Trust). These plans are multiemployer defined benefit pension plans. As the Commission has insufficient information to apply defined benefit plan accounting, the plans have been accounted for as defined contribution pension plans, and the Commission's annual contributions are expensed. According to the Public Service Pension Act any deficiencies of the pension fund are to be paid out of the Consolidated Revenue Fund of the Province of Ontario, and as such no attempt has been made to calculate any amount owing regarding the unfunded liability (if any) with respect to these pension plans.

3 - INVENTORIES

The total carrying amount of inventories carried at cost is $402 (2011 - $358). No inventories are carried at net realizable value or at fair value less selling costs. During the year $772 (2011 - $837) of inventory was recognized as an expense.

4 - CAPITAL ASSETS

			2012
	Cost	**Accumulated amortization**	**Net**
	$	**$**	**$**
Buildings and other structures	**7,514**	**123**	**7,391**
Landhold improvements	**7,322**	**166**	**7,156**
Exhibits	**4,614**	**231**	**4,383**
Machinery, equipment and tools	**640**	**325**	**315**
Vehicles	**2,253**	**892**	**1,361**
Computer systems and licenses	**1,097**	**363**	**734**
Office furniture and equipment	**1,218**	**619**	**599**
Structures	**1,558**	**453**	**1,105**
Construction in progress	**8,623**		**8,623**
	34,839	**3,172**	**31,667**

			2011
	Cost	Accumulated amortization	Net
	$	$	$
Landhold improvements	363	9	354
Machinery, equipment and tools	448	242	206
Vehicles	1,302	681	621
Computer systems and licenses	392	252	140
Office furniture and equipment	777	417	360
Structures	717	276	441
Construction in progress	14,273		14,273
	18,272	1,877	16,395

The St. Lawrence Parks Commission
Notes to Financial Statements
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5 - DEFERRED CONTRIBUTIONS

	2012	2011
	$	$
Prepaid admissions and camping	**783**	695
Ministry of Tourism and Culture - funding for refurbishment		
Balance, beginning of year	**2,472**	899
Contributions	**6,197**	4,172
Expenditures	**(6,744)**	(2,599)
Balance, end of year	**1,925**	2,472
Ministry of Tourism and Culture - funding for Fort Henry refurbishment		
Balance, beginning of year	**29**	29
Expenditures		
Balance, end of year	**29**	29
Ministry of Tourism and Culture - funding for revitalization		
Balance, beginning of year	**1,827**	679
Contributions	**12,780**	10,700
Expenditures	**(11,683)**	(9,552)
Balance, end of year	**2,924**	1,827
Ministry of Tourism and Culture - 50th Anniversary Celebration		
Balance, beginning of year	**305**	
Contributions		305
Expenditures	**(255)**	
Balance, end of year	**50**	305
Infractructure Stimulus Funding - Long Sault Parkway		
Balance, beginning of year	**58**	
Contributions		4,449
Expenditures	**(58)**	(4,391)
Balance, end of year	**-**	58
Ministry of Canadian Heritage		
Balance, beginning of year	**1,421**	
Contributions	**158**	1,421
Expenditures	**(1,579)**	
Balance, end of year	**-**	1,421
Other deferred contributions	**4**	6
	5,715	6,813

The St. Lawrence Parks Commission
Notes to Financial Statements
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6 - SEVERANCE AND FUTURE EMPLOYEE BENEFITS

	2012	2011
	$	$
Severance accrual	813	833
WSIB benefit accrual	218	192
	1,031	1,025

7 - DEFERRED CONTRIBUTIONS - CAPITAL ASSETS

	2012	2011
	$	$
Ministry of Tourism and Culture - funding for refurbishment		
Balance, beginning of year	1,376	903
Capital additions	4,602	783
Amortization of capital assets	(530)	(310)
Balance, end of year	5,448	1,376
Ministry of Tourism and Culture - funding for revitalization		
Balance, beginning of year	9,903	366
Capital additions	11,414	9,552
Amortization of capital assets	(490)	(15)
Balance, end of year	20,827	9,903
Ministry of Tourism and Culture - infrastructure stimulus funding		
Balance, beginning of year	4,392	
Capital additions	58	4,392
Amortization of capital assets	(89)	
Balance, end of year	4,361	4,392
Celebrate Ontario		
Balance, beginning of year		
Capital additions	193	
Amortization of capital assets	(19)	
Balance, end of year	174	-
	30,810	15,671

8 - INTERNALLY RESTRICTED NET ASSETS

A portion of net assets has been internally restricted by the Board of Commissioners to fund future capital expenditures. In the current year, the Board of Commissioners approved expenditures from these restricted net assets of $133.

The St. Lawrence Parks Commission
Notes to Financial Statements

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9 - GROSS PROFIT FROM RETAIL OPERATIONS

Retail gross profit is comprised of:

	2012	2011
	$	$
Sales from retail operations	1,478	1,511
Cost of goods sold	772	837
Gross profit from retail operations	706	674

10 - TRANSACTIONS WITH THE PROVINCE OF ONTARIO

In the normal course of operations, the costs of post-retirement non-pension employee benefits have been paid by the Management Board Secretariat of the Province of Ontario and are not included in the statement of operations of the Commission. Further transactions with the Province of Ontario are as shown below, and are measured at their exchange amount as established and accepted by the parties.

Included in accounts receivable is $73 (2011 - $58) due from the Ministry of Finance regarding payroll expenses. Included in accounts payable is $292 (2011 - $229) due to the Ministry of Finance in connection with payroll expenses.

During the year, the Commission paid a total of $11,772 (2011 - $11,367) in payroll expenses to the Ministry of Finance which is included in "Salaries, wages, and benefits".

Included in "Services" expenditures is $83 (2011 - $24) paid to the Ministry of Finance for various services including advertising and pay stub printing, and $9 (2011 - $4) paid to the Ontario Provincial Police for security services.

During the year, the Commission paid the Ministry of Transportation $200 (2011 - $221) for the maintenance of the 1000 Islands Parkway which is included in "Supplies and equipment" expenditures, and paid $29 (2011 - $28) to the Ministry of Finance for general liability insurance and provincial licenses.

Included in "Construction in progress" and in subsequently capitalized amounts is $9,869 (2011 - $8,625) paid to the Ontario Realty Corporation for project management services.

During the year, the Commission recognized funding totaling $11,197 (2011 - $9,916) from the Ministry of Tourism and Culture, which is included in "Provincial government funding".

11 - PENSION PLAN

The Commission's contribution to the PSP Plan and the OPSEU Pension Trust for the year ended March 31, 2012 was $539 (2011 - $486) and is included in salaries, wages and benefits.

12 - REMUNERATION OF MEMBERS

Total remuneration of members of the Commission was $22 (2011 - $27).

The St. Lawrence Parks Commission
Notes to Financial Statements

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13 - COMMITMENTS

a) The Commission has entered into long-term lease agreements expiring on various dates between 2013 and 2016 which require lease payments of $215. The minimum lease payments for the next four years are $115 in 2013, $73 in 2014, $21 in 2015, and $6 in 2016.

b) The Commission entered into a long-term maintenance contract with the Ministry of Transportation in 1983. An annual payment is made for the maintenance of the 1000 Islands Parkway of $150, adjusted for inflation, until written notification of termination is made by the Commission, which requires a minimum of eight months to come into effect. There is a commitment of $204 for the forthcoming financial year.

c) The Commission has entered into a long-term agreement with Parks Canada to provide funding for Conservation Program Maintenance Projects to be expended during the period from 2011 to 2017. The agreement requires total funding of $2,800 with payments of $400 per year beginning in 2011 and each year thereafter.

14 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Commission is exposed to, and manages, various financial risks resulting from both its operations and its investments activities, and does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

Main financial risk exposure is as follows:

Credit risk

The financial instruments that potentially expose the Commission to credit risk are primarily trade accounts receivable. Credit risk relating to these is generally diversified since the Commission negotiates with a large number of establishments.

Interest rate risk

The majority of the Commission's short-term investments are at fixed rates and the Commission is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. As they are non-interest bearing, the other financial assets and liabilities of the Commission do not comprise an interest rate risk.

Concentration risk

All of the Commission's cash and short-term investments are held at the same financial institution.

The St. Lawrence Parks Commission
Notes to Financial Statements

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15 - FUTURE ACCOUNTING STANDARD

The Public Sector Accounting Board ("PSAB") has issued new accounting standards for government organizations. The Commission is considering being classified as a Government Not-for-Profit Organization ("GNFPO") as it meets all the related criteria. PSAB allows GNFPO's to choose between the standards of the Public Sector Accounting ("PSA") Handbook or the PSA Handbook supplemented by the inclusion of the not-for-profit standards from the Canadian Institute of Chartered Accountants Handbook, known as the 4200 series. These standards will be effective for fiscal years commencing on or after January 1, 2012. The Commission is considering selecting PSA standards plus the 4200 series of the PSA Handbook and will first report under these standards in its financial statements for the year ended March 31, 2013. The Commission is currently in the process of evaluating the potential impact of adopting these new standards.